

SADDLEBROOKE UTILITY (

9532 East Riggs Road, Suite 801, Phoenix, Arizona 85007



2001 MAY 10 P 12: 07

May 9, 2001

AZ CORP COMMISSION
DOCUMENT CONTROL

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

DOCKET NO. SW-02849A-01-0401

Re: Extension of Sewer Certificate of Convenience and Necessity ("CC&N")

Dear Sir or Madam:

SaddleBrooke Utility Company ("SUCO") provides sewer service to the age restricted master planned community of SaddleBrooke, which is located approximately 25 miles north of Tucson in Pinal County, Arizona. SUCO currently holds a sewer CC&N over all or parts of ten sections where the community of SaddleBrooke is located and 4,850 customers will be served. SUCO is currently serving nearly 3,000 sewer customers in this area.

SaddleBrooke Development Company ("SBD") is the developer of the SaddleBrooke community. SBD plans to develop 770 additional residential units in SaddleBrooke, which will be located in parts of Sections 33 and 34, T10S, R14E, G&SRB&M, Pinal County, Arizona. Since the new area to be developed is adjacent to the existing SaddleBrooke, it is in the public interest for SUCO to provide sewer service to this area of SaddleBrooke as well. As a result, SUCO is filing this application to extend its sewer CC&N to include the new area in Section 33 and 34 that will be developed in order to provide sewer service to the additional 770 customers that are planned for the development. The area for which SUCO seeks to extend its sewer CC&N is provided on Exhibit B to this application.

The public notice of the filing of this application and the hearing will be done in accordance with the Procedural Order on this matter.

An original and 10 copies submitted.

Sincerely,

Jim Poulos
General Manager

JP:ab

Enclosure

ARIZONA CORPORATION COMMISSION

APPLICATION FOR AN EXTENSION OF CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

A. The name, address and telephone number of the Applicant is:

SaddleBrooke Utility Company, 9532 East Riggs Road, Sun Lakes, AZ 85248

480-895-9200

B. The name, address and telephone number of management contact is:

Jim Poulos, 9532 East Riggs Road, Sun Lakes, AZ 85248

480-895-4251

C. List the name, address and telephone number of the operator certified by the Arizona
Department of Environmental Quality:

Ed MacMeans, 40000 South Ridgeview Boulevard, Tucson, AZ 85739

520-825-3423

D. List the name, address and telephone number of the attorney for the Applicant:

Martin Aronson c/o Morrill & Aronson, PC

One East Camelback Road, Suite 340, Phoenix, AZ 85012

602-263-8993

E. Attach the following documents that apply to you:

1. Certificate of Good Standing (if corporation) Exhibit A
2. Corporate Resolution Authorizing this application (if required by the corporation's Articles of Incorporation) Not Required.

F. Attach a legal description of the area requested by either **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted. Exhibit B

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area requested. Also indicate the present certificated area by using different colors. Exhibit C

H. Attach a current balance sheet and profit and loss statement. Exhibit D

I. Provide the following information:

1. Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

Residential:

First Year 154 Second Year 308 Third Year 462 Fourth Year 616
Fifth Year 770

Commercial:

First Year 0 Second Year 0 Third Year 0 Fourth Year 0
Fifth Year 0

Industrial:

First Year 0 Second Year 0 Third Year 0 Fourth Year 0
Fifth Year 0

Irrigation:

First Year 0 Second Year 0 Third Year 0 Fourth Year 0
Fifth Year 0

Other: (specify)

None.

First Year 0 Second Year 0 Third Year 0 Fourth Year 0

Fifth Year 0

2. **(WATER ONLY)** Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

N/A SaddleBrooke Utility Company is a sewer utility.

Residential:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Commercial:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Industrial:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Irrigation:

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

3. Indicate the total estimated annual operating revenue from the new area for each of the next five years:

First Year 72,626 Second Year 145,252 Third Year 217,878

Fourth Year 290,504 Fifth Year 363,130

- **Complete Attachment "D" (Water Use Data Sheet) for the past 13 months**

N/A SaddleBrooke Utility Company is a sewer utility.

4. Indicate the total estimated annual operating expenses attributable to the new area for each of the next five years:

First Year 67,629 Second Year 135,258 Third Year 202,887
Fourth Year 270,516 Fifth Year 338,145

- J. Total estimated cost to construct utility facilities to serve customers in the requested area:

1,655,000

- K. Explain method of financing utility facilities (see paragraph 8 of instructions)

Equity.

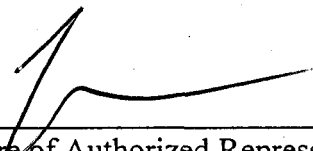
- L. Estimated starting and completion date of construction of utility facilities:

Starting date 6/2001 date 6/2005 Completion

- M. Attach the following permits:

1. Franchise from either the City or County for the area requested. To be late filed.
2. Arizona Department of Environmental Quality or designee's approval to construct facilities. To be late filed.
3. Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.) N/A
4. U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.) N/A
5. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of, either the utility's Designation of an Assured Water Supply, or the developer's Certificate of 100 Year Assured Water Supply issued by the Arizona Department of Water Resources. N/A SaddleBrooke Utility Company is a sewer utility.
 - If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources if applied for by the developer.

- If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detailed information to prove that adequate water exists to provide water to the area requested.



(Signature of Authorized Representative)

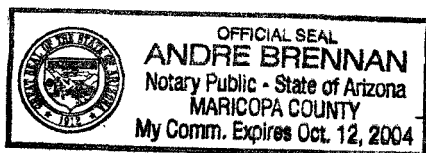
Jim Poulos

(Print or Type Name Here)

General Manager

(Title)

SUBSCRIBED AND SWORN to before me this 9th day of May, 192001





NOTARY PUBLIC

My Commission Expires 10/12/04

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****SADDLEBROOKE UTILITY COMPANY*****

a domestic corporation organized under the laws of the state of Arizona, did incorporate on June 22, 1994.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capitol, this 1st Day of May, 2001, A. D.

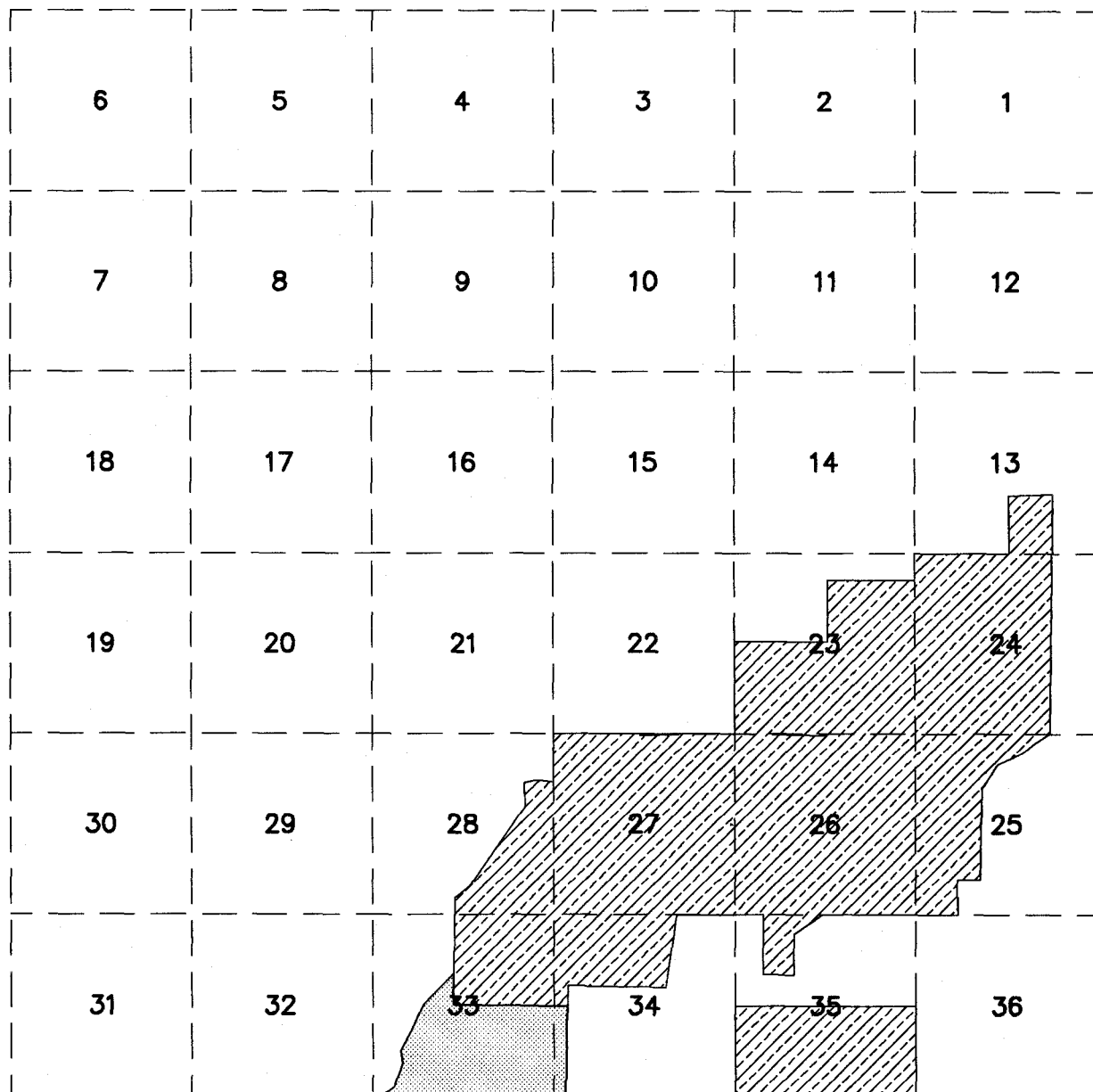


EXECUTIVE SECRETARY

BY:

SADDLEBROOKE UTILITY COMPANY SEWER CC&N MAP

COUNTY: PINAL
RANGE 14 EAST



TOWNSHIP 10 SOUTH



EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY



PROPOSED AREA

EXHIBIT B

LEGAL DESCRIPTION

SADDLEBROOKE PHASE 3
ADDITIONAL STATE LAND (296.29 ACRES)

November 22, 2000

Those parcels of land in Sections 33 and 34, Township 10 South, Range 14 East, Gila & Salt River Base & Meridian, in an unincorporated area of the County of Pinal, State of Arizona. described as follows:

PARCEL 1

A parcel of land in the Southwest quarter of said Section 34, described as follows:

BEGINNING at the Northwest corner of said Southwest quarter;

THENCE Easterly along the Northerly line of said Southwest quarter South 89°08'17", East a distance of 681.01 feet to the Westerly line of land described in State of Arizona Commercial Lease Permit No. 03-98637'

THENCE Southerly along said Westerly line and the Southerly prolongation thereof South 01°03'27" West a distance of 2,653.78 feet to South line of Section 34;

THENCE Westerly along the Southerly line of said Southwest quarter North 88°21'55" West a distance of 680.12 feet to the Westerly line of said Southwest quarter;

THENCE Northerly along said Westerly line of the Southwest quarter North 01°02'15" East a distance of 2,644.60 feet to the Point of Beginning.

PARCEL 2

A parcel of land in the Southeast quarter of said Section 33, described as follows:

BEGINNING at the Northeast corner of said Southeast quarter;

THENCE Southerly along the Easterly line of said Southeast quarter South 01°02'15" West a distance of 2,644.60 feet to the South line of said Section 33;

THENCE along the Southerly line of said Southeast quarter North 89°41'37" West a distance of 2,668.97 feet to the Southwest corner of said Southeast quarter;

THENCE Northerly along said Westerly line North 01°15'42" East a distance of 2,655.86 feet to the Northwest corner of said Southeast quarter;

THENCE Easterly along the Northerly line of said Southeast quarter South 89°27'15" East a distance of 2,658.46 feet to the Point of Beginning.

LEGAL DESCRIPTION

SADDLEBROOKE PHASE 3
ADDITIONAL STATE LAND (296.29 ACRES) (Cont.)

November 22, 2000

PARCEL 3

A parcel of land in the West half of said Section 33, described as follows:

BEGINNING at the Center of said Section 33;

THENCE Southerly along the Easterly line of said West half South $01^{\circ}15'42''$ West a distance of 2,655.86 feet to South line of Section 33;

THENCE Westerly along the Southerly line of said West half North $89^{\circ}30'16''$ West a distance of 1,992.67 feet;

THENCE Northeasterly along the following courses, being the approximate center of the Twenty-Seven Wash;

North $52^{\circ}02'38''$ East a distance of 422.02 feet;

North $19^{\circ}34'32''$ East a distance of 713.30 feet;

North $07^{\circ}14'43''$ West a distance of 374.16 feet;

North $27^{\circ}35'26''$ East a distance of 693.86 feet;

North $25^{\circ}02'25''$ East a distance of 804.03 feet;

North $44^{\circ}33'25''$ East a distance of 1,261.13 feet to said Easterly line of the West half;

THENCE Southerly along said Easterly line South $01^{\circ}15'42''$ West a distance of 907.08 feet to the Point of Beginning.

All of the above-described Additional State Land parcels combined contain 296.29 acres, more or less.

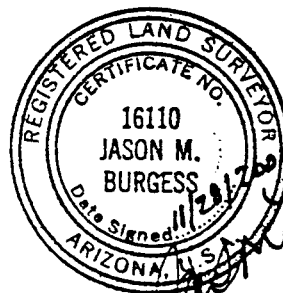


EXHIBIT D

SADDLEBROOKE UTILITY COMPANYBALANCE SHEETS
DECEMBER 31, 2000 AND 1999*In thousands*

	<u>2000</u>	<u>1999</u>
<u>ASSETS</u>		
PLANT IN SERVICE AND UNDER CONSTRUCTION, net	\$ <u>8,182</u>	\$ <u>7,070</u>
CURRENT ASSETS:		
Cash	4	63
Service customers receivable	11	19
Note receivable	0	197
Prepays	<u>3</u>	<u>5</u>
Total current assets	<u>18</u>	<u>284</u>
RESTRICTED FUNDS	505	509
DEFERRED CHARGES	701	738
ORGANIZATIONAL COSTS	<u>21</u>	<u>21</u>
	<u>\$ 9,427</u>	<u>\$ 8,622</u>
<u>LIABILITIES AND CAPITALIZATION</u>		
BONDS PAYABLE, net of current portion	\$ <u>3,600</u>	\$ <u>3,695</u>
CURRENT LIABILITIES:		
Accounts payable	50	12
Accrued liabilities	175	170
Due to affiliate	265	0
Current portion of bonds payable	<u>95</u>	<u>90</u>
Total current liabilities	<u>585</u>	<u>272</u>
Total liabilities	<u>4,185</u>	<u>3,967</u>
CAPITALIZATION:		
Common stock, \$1 par value, Authorized 20,000,000 shares; 98,472 issued and outstanding	98	98
Additional paid-in capital	3,225	3,225
Retained earnings	<u>1,919</u>	<u>1,332</u>
Total capitalization	<u>5,242</u>	<u>4,655</u>
	<u>\$ 9,427</u>	<u>\$ 8,622</u>

EXHIBIT D

SADDLEBROOKE UTILITY COMPANYSTATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999*In thousands*

	<u>2000</u>	<u>1999</u>
REVENUE:		
Wastewater	\$ 1,299	\$ 1,124
Irrigation	55	52
Establishment and connection fees	200	206
Excess capacity charge	160	206
Interest income	69	59
Other income	<u>2</u>	<u>27</u>
Total revenue	<u>1,785</u>	<u>1,674</u>
EXPENSES:		
Salaries and employee benefits	223	183
Electricity	106	84
Chemicals and supplies	16	8
Repairs and maintenance	65	39
Professional services	10	10
Testing, fees and permits	8	11
Insurance	12	8
Administrative services	40	40
Property taxes	73	62
Depreciation	298	277
Amortization	26	49
Interest expense	304	323
Other expenses	<u>17</u>	<u>20</u>
Total expenses	<u>1,198</u>	<u>1,114</u>
NET INCOME	<u>\$ 587</u>	<u>\$ 560</u>